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No. 98-1392

In The
SUPREME COURT OF THE UNITED STATES
October Term, 1998

EMI GROUP NORTH AMERICA, INC.,
Petitioner,

v.

INTEL CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

PETITIONER'S REPLY BRIEF

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The petition demonstrated an established and recurring conflict within the Federal Circuit between "two lines of authority on the scope of an estoppel based on an amendment or argument that distinguished the prior art." 5A Donald S. Chisum, *Chisum on Patents* § 18.05[3][b], at 492 (1998); see Pet. 14-16. Not only do these "two lines of cases appear to be irreconcilable," (Note, *To Bar Or Not To Bar: Prosecution History Estoppel After Warner-Jenkinson*, 111 Harv. L. Rev. 2330, 2336 (1998)), but they reflect a longstanding conflict that dates from 1984, extends through this Court's decision in *Warner-Jenkinson Co.* v. *Hilton Davis Chemical Co.*, 520 U.S.

17 (1997), and continues to this day. The petition further showed that the line of authority on which this case was resolved conflicts with the Federal Circuit's longstanding position that the scope of equivalents is a matter for the jury to resolve.

In opposing the petition, Intel principally contends that there are no conflicting lines of authority and that even if there are, petitioner failed to preserve its arguments below. Neither these nor Intel's subordinate arguments has merit.

1. Intel's chief argument against the existence of conflicting authority is that this Court in *Warner-Jenkinson* resolved the conflict, purportedly by holding that "[a]mendments made for reasons 'related to patentability' create an estoppel." Opp. 17. But the Court did not so hold, as is plainly apparent even from Intel's opposition.

If *Warner-Jenkinson* had held that amendments made for reasons of patentability "create an estoppel" (*id.*), then there would be no need in any case to examine the scope of estoppel for any claim amendment. But that is not what the Federal Circuit or the commentators have understood *Warner-Jenkinson* to mean. See Pet. 17-18. Even Intel itself later concedes that in post-*Warner-Jenkinson* decisions the Federal Circuit has not applied this absolute rule. See Opp. 20 ("These cases (*Insituform, Cybor*) simply suggest that a patentee, on occasion, may not be completely estopped from asserting the doctrine of equivalents against subject matter that lacks a feature added by amendment"); *id.* at 23 (noting that Professor Chisum's treatise discusses post-*Warner-Jenkinson* cases that "do not invariably preclude all equivalents but require examination of the amendments, arguments, and the reasons for the change under the given circumstances to determine what subject matter was relinquished").

This inconsistency in Intel's brief reflects the opposing views within the Federal Circuit over the impact of *Warner-Jenkinson* on prosecution history estoppel. See *Litton Sys., Inc.* v. *Honeywell, Inc.*, 145 F.3d 1472, 1472-78 (Fed. Cir. 1998) (separate opinions of Plager, Clevenger, and Gajarsa, J.J., dissenting from denial of rehearing in banc); *Hughes Aircraft Co.* v. *United States*, 148 F.3d 1384, 1385-86 (Clevenger, J., joined by Gajarsa, J., dissenting from denial of rehearing in banc) (Fed. Cir. 1998), *cert. denied*, 119 S. Ct. 1112 (1999). The Federal Circuit's sharp disagreement over the implications of *Warner-Jenkinson* for prosecution history estoppel further underscores the need for clarification from this Court.

The Federal Circuit's failure, post-*Warner-Jenkinson*, to follow a consistent rule for when and to what extent prosecution history estoppel applies is clearly illustrated by comparing this case with *Insituform*. In *Insituform*, the Federal Circuit refused to find an estoppel because the prior art "disclose[d] nothing" about the defendant's allegedly equivalent process, and because the applicant's statements were "'too equivocal'" to relinquish its claim to equivalents. *Insituform Techs., Inc.* v. *Cat Contracting, Inc.*, 161 F.3d 688, 691-92 (Fed. Cir. 1998), *cert. denied*, 119 S. Ct. 1254 (1999); see also *Cybor Corp.* v. *FAS Techs., Inc.*, 138 F.3d 1448, 1458, 1460 (Fed. Cir. 1998) (in banc). Here, too, Intel can point to nothing in the prior art that covers its processes, and cannot identify any statement in the prosecution history where the applicant relinquished coverage of the combination of differentially thermally grown oxide and deposited nitride. Under the *Insituform* line of authority, EMI would have prevailed.

Thus, the Federal Circuit's willingness to hold "on occasion" (Opp. 20) that prosecution history estoppel does not categorically apply to amended claims raises the important and persisting question in the Federal Circuit's jurisprudence: On

what occasions *should* prosecution history estoppel preclude equivalence for claims amended for reasons of patentability?

Specifically, is prosecution history estoppel limited to situations in which the patentee seeks to recapture ground that it expressly and unequivocally relinquished in order to obtain its patent? That is what the Federal Circuit has held in *Insituform*, 161 F.3d at 694-95; *Cybor Corp.*, 138 F.3d at 1459-60; *Athletic Alternatives, Inc.* v. *Prince Mfg., Inc.*, 73 F.3d 1573, 1582 (Fed. Cir. 1996), and other cases. See Pet. 14-15.

Or is the rule that, in the absence of any such unequivocal statment, the Federal Circuit nevertheless may infer estoppel from "the testimony of the expert witnesses" and "their conflicting views," from the "congested" prior art, and from the "prosecution history as a whole"? Pet. App. 8a, 20a, 21a. That is what the Federal Circuit held in this case, thereby perpetuating the expansive role of prosecution history estoppel typified by the second line of cases that Intel cannot distinguish and does not mention. See Pet. 15-16 (discussing *Wang Lab., Inc.* v. *Toshiba Corp.*, 993 F.2d 858 (Fed. Cir. 1993); *Kinzenbaw* v. *Deere & Co.*, 741 F.2d 383 (Fed. Cir. 1984); and *Prodyne Enters., Inc.* v. *Julie Pomerantz, Inc.*, 743 F.2d 1581, 1583 (Fed. Cir. 1984)).

This longstanding conflict is central to the meaning of prosecution history estoppel and to the scope of the doctrine of equivalents. Although the Federal Circuit has not acknowledged the conflict, leading experts and commentators have identified it and that the Federal Circuit has been unwilling or unable to resolve it.

This is, moreover, precisely the type of fundamental patent law question that this Court has traditionally considered appropriate for it to resolve. Nearly all patents contain

amended claims. It is exceptionally important to inventors, to the institutions and companies that invest in basic and applied research, to technology-based companies, and to the patent bar, to understand the scope of equivalence that courts will afford amended claims. And as the petition explained (see Pet. 20), the "public notice" rationale for prosecution history estoppel -- which Intel mistakenly presents as a "test" (Opp. 20-21) -- has meaning only if the public knows in advance what rule the courts will apply. Will the courts permit equivalence in the absence of a clear statement relinquishing coverage, or will they infer it from expert testimony and all the facts and circumstances? Unless a reasonable competitor knows which of these tests will apply, it is simply impossible to read the prosecution history and make an intelligent estimate as to the likelihood that prosecution history estoppel will operate to bar the patentee from asserting infringement under the doctrine of equivalents.

2. Intel's claim that adherence to the clear statement rule as applied in *Insituform*, *Cybor*, and other recent Federal Circuit cases "would not change the result in this case" is demonstrably incorrect. Nowhere in its extensive restatement of the case (Opp. 1-16) does Intel identify a single instance in which EMI referred to a differentially thermally grown oxide layer that was supplemented by a deposited nitride layer. And in asserting that "applicants abandoned claims drawn to composite masks" (Opp. 5), Intel simply overlooks the court of appeals' acknowledgments that this abandonment "was not a disclaimer of every possible composite mask," and that "none" of the prior art "references explicitly refers to composite dielectric layers as implant masks over a gate." Pet. App. 20a, 19a. That is why the Federal Circuit was forced to rely upon inferences from the record "as a whole," and why Intel remains unable to identify any point where EMI specifically relinquished

its claim over methods that supplement by deposit a differentially thermally grown oxide with a deposited nitride.[1]

3. The second question presented -- whether the court or the jury is to draw inferences about estoppel -- is equally important. Intel simply misses the point when it claims that it is settled that prosecution history estoppel is a question of law and that EMI is advocating "a legal position diametrically opposed to that it argued to the Court of Appeals." Opp. 28.

EMI's position, here as below, is that prosecution history estoppel is a question of law, and that it can properly be invoked by the court only in circumstances comparable to those that would warrant summary judgment in any case -- that is, the existence of a clear and unequivocal surrender of the allegedly equivalent subject matter. That standard is fully consistent with the notion of prosecution history estoppel as a legal limitation on the doctrine of equivalents.

The problem -- which Intel ignores -- arises when the Federal Circuit departs, as it did here, from the unequivocal-statement requirement, and permits itself to draw inferences about estoppel from "conflicting" expert testimony, "congested" prior art, and the "prosecution history as a whole." Pet. App. 8a, 20a, 21a. As the petition explains, these are precisely the

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[1] Intel also alleges, without citation or description, that it has other defenses not passed upon below. Opp. 27. The fact remains that the court of appeals expressly stated -- in a passage that Intel simply ignores -- that "[w]e agree with EMI that, on the face of the differences between the Intel methods and the '943 claims, there is no substantial difference between the [two]." Pet. App. 18a. The invocation of prosecution history estoppel was thus dispostive in this case.

kinds of inferences that this Court and the Federal Circuit have previously and consistently said are appropriate and necessary for the *jury* to consider in determining the proper scope of equivalents. Pet. 21-24. Thus, when, as here, the Federal Circuit departs from the unequivocal-statement test for prosecution history estoppel, it necessarily and improperly displaces the historic role of the jury in determining patent infringement. The proper role of the jury in determining infringement under the doctrine of equivalents is a question this Court expressly recognized as important and unresolved in *Warner-Jenkinson*, 520 U.S. at 38, and is directly implicated by the rule that the Federal Circuit used to resolve this case.[2]

4. Unable seriously to dispute the importance of the questions presented, Intel is compelled ultimately to claim that EMI did not preserve the issues below. We have already seen that this is incorrect with respect to the second question. That

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[2] Although Intel claims that "[n]othing in the cases cited by EMI suggests that the Federal Circuit contemplates prosecution history estoppel to be a jury question,"(Opp. 29 n.10), Intel has no answer to the cases cited in the petition in which the Federal Circuit held that it was not "'reversible error'" to submit the question of prosecution history estoppel to the jury, and even reversed the entry of judgment as a matter of law on the ground that "'there was substantial evidence whereby a reasonable jury could have found no estoppel arising from the prosecution history.'" Pet. 23 (quoting *Festo Corp.* v. *Shoketsu Kinzoku Kogyoj Kabushiki Co.*, 72 F.3d 857, 863-64 (Fed. Cir. 1995), *vacated and remanded*, 520 U.S. 1111 (1997); and *Sun Studs, Inc.* v. *ATA Equip. Leasing, Inc.*, 872 F.2d 978, 987 (Fed. Cir. 1989), *overruled on other grounds by A.C. Aukerman Co.* v. *R.L. Chaides Const. Co.*, 960 F.2d 1020, 1038-39 (Fed. Cir. 1992)).

is, EMI's consistent position has been that prosecution history estoppel, when it arises from a clear and unequivocal surrender of subject matter, is properly for the Court. It is therefore entirely proper for EMI to contend here that the Federal Circuit's refusal to follow the clear-statement rule adovocated by EMI is improper because it conflicts with the longstanding principal that accords to juries the role of evaluating conflicting testimony about prosecution history and the prior art in order to apply the doctrine of equivalents. *Yee* v. *City of Escondido*, 503 U.S. 519, 534-35 (1992); *Lebron* v. *National R.R. Passenger Corp.*, 513 U.S. 374, 377-83 (1995).

Intel's argument also fails with respect to the first question presented. That EMI endorsed the clear and unequivocal statement requirement is apparent even from Intel's opposition, which itself quotes one of the relevant passages from EMI's reply brief:

> The prosecution history would not lead a competitor to believe that the implant mask of claim 1 is limited to *only* a differentially thermally grown oxide, thereby excluding any additional steps or enlargements of the implant mask. *The Applicants made no such statements*, nor can any be implied or reasonably relied upon by a competitor.

Intel Opp. 21 (quoting EMI's Reply Brief at 22-23 (emphasis supplied)); see also EMI's Br. 42 ("The court erred by holding that EMI surrendered the subject matter of the accused Intel processes by canceling pending claims 8 and 23, and amending issued claim 1. The prior art does not disclose the process EMI asserts is equivalent and *no remarks were made by the Applicants that constitute a surrender of the equivalent subject matter*") (emphasis supplied); *id.* at 49 ("EMI did not relinquish the subject matter of the process asserted as equivalent to claim

1 by any arguments made during the prosecution of the '943 patent"). In short, EMI has consistently argued that prosecution history estoppel does not apply in this case because EMI never expressly relinquished the subject matter of Intel's accused processes in order to obtain issuance of the '943 patent.

Similarly, on rehearing, EMI brought to the court of appeals' attention certain factual and technical errors which, if corrected, would have precluded a finding of prosecution history estoppel. The correction of such errors is appropriately directed to the court of appeals; indeed, the technical nature of the issues on rehearing were uniquely suited to the expertise of that court.

By contrast, the issues preserved below and raised here are uniquely suited to the expertise of this Court. This Court repeatedly has recognized that patent questions of fundamental importance -- such as the scope of the doctrine of equivalents, and the respective roles of judge and jury in a patent case -- are questions that ultimately this Court can and must resolve. *E.g.*, *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996); *Warner-Jenkinson*, 520 U.S. at 38. The questions presented here -- which go to the very nature of prosecution history estoppel and the role of the jury in applying the doctrine of equivalents -- call out for definitive resolution by this Court.

Finally, the Court has also recognized its important role in ensuring that the Federal Circuit attends to and resolves important and recurring issues. *Dennison Mfg. Co.* v. *Panduit*, 475 U.S. 809, 811 (1986) (summarily reversing and remanding for further consideration of the role of the jury in evaluating obviousness). Thus, at the very least, this Court should reverse the judgment below and remand for further proceedings given the lack "of the Federal Circuit's informed opinion on the

complex issue of the degree to which" -- if at all -- prosecution history estoppel may be resolved by a court on any basis other than the presence of a clear and unequivocal statement relinquishing an intent to cover the subject matter at issue. *Id.*

CONCLUSION

For the reasons stated above and in the Petition, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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